

**HOWARD COUNTY
POLICE DEPARTMENT
ASSET FORFEITURE PROGRAMS
AUGUST 2001**

October, 2001

The County Council and County Executive
of Howard County, Maryland

Pursuant to Section 212 of the Howard County Charter and Council Resolution 22-1985, we have
conducted a review of selected activities of the

Howard County Police Department
Asset Forfeiture Programs

and our report is submitted herewith. The scope of our examination related specifically to a review of Asset
Forfeiture Programs. The body of our report presents our findings and recommendations.

The contents of this report have been reviewed with the Chief Administrative Officer, and the Police
Department. We wish to express our gratitude to the Police Department, the Office of Law, and
Department of Finance for the cooperation and assistance extended to us during the course of this
engagement.

Ronald S. Weinstein, C.P.A.
County Auditor

Keith Zumbrun, C.I.S.A.
Auditor-in-Charge

INTRODUCTION AND SCOPE

The scope of this audit was to review the Federal Drug Asset Forfeiture Program in the County and to review the controls and procedures in place for the program. We examined the current fiscal year records and reviewed documentation from the Federal Government, the Department of Finance, the Office of Law, the external auditors and the Police Department. We interviewed various employees in those departments and walked through procedures and policies that are currently in place and tested accordingly.

We relied on external reviews by the auditors performing the Single Audit for the County. In the course of the FY 2000 audit, they sampled a large portion of this program and found no exceptions. We also noted that there is an internal financial review by the Police Department of the Vice and Narcotics operation on a quarterly basis. This review reports its findings and recommendations to the Chief of Police. We found this to be a strong control in of itself and essential considering the discrete nature of that unit. Our review of the quarterly report found no significant problems.

While we were reviewing the Federal Drug Asset Forfeiture Program, we came upon several other County forfeiture accounts. Upon reviewing their structure, we noted some strengths and weaknesses.

Our findings and recommendations that follow are based on the results of those events mentioned above.

FINDINGS AND RECOMMENDATIONS

The County utilizes several asset forfeiture programs which are based on Federal, State and Local laws. They are primarily identified by their account numbers by the Department of Finance and a brief description of each follows:

Howard County Police Department Contraband Escrow Account - 5011

This account is used for monies confiscated in connection with local gambling and drug related cases. This is known as the County's Drug Asset Forfeiture Account. The assets are entered on the police property forms, held in the property room and written on a cash receipt form. The property officer also records the information in a spread sheet. The money is taken to the cashier's office and given to the cashiers to deposit. A receipt and a memo stating some case information is given to the fiscal person who maintains a spreadsheet by account. A copy also goes to the Office of Law. Finance reconciles monthly with the A611 financial report and quarterly with the information the Office of Law has maintained.

The funds are released to the Grant Fund Forfeited Drug Monies Revenue Account (051-002-5000 -3170) if the court decides the County can adopt (take ownership of) the asset and when directed by the Office of Law, or the funds are released to the defendant when instructed by the Office of Law.

Expenditures from this account are requested through and with the approval of the Chief Administrative Officer. Budgeted authority for FY 00 and FY 01 has been \$250,000. The Chief Administrative Officer informed us that this program follows the Executive Order 89-05 guidelines. Our review of revenue in FY 01 as of 4/4/01 showed \$84,600 has been forfeited while only \$10,300 has been spent in the same time period. This forfeiture policy also involves vehicles that are adopted by the County. As they await disposition, the confiscated vehicles are stored on a county lot and once adopted, they are generally auctioned by the County and the revenue placed in a Special Operations Vehicle Fund (011-5001). If a vehicle is determined by the courts to be returned to the defendant, a storage fee is charged and those funds are placed in the Vehicle Storage Fund (011-006-4292). Both of these funds are used to buy replacement vehicles for the undercover unit. As of April 2001, the Special Operations Vehicle Fund had a balance of \$34,600 and the Vehicle Storage Fund has recognized \$10,500 thru that date.

Maryland State Police Contraband Escrow Account - 5004

This account is used for the recording and processing of confiscated monies in connection with gambling and drug related cases from the Maryland State Police. This account has had no activity since 1999 and the account has a balance of \$387.89 for only one defendant. Our questions about this program could not be answered by County Police or the Finance personnel. Since Finance and Howard County Police personnel are unclear about this program, and due to its inactivity, we recommend that:

1. ***The Administration determine if the balance in account 5004 can be distributed to either the General Fund or the defendant, and if there is any need to have this escrow account any longer. If the determination is that no need exists, distribute the funds and close the balance sheet account 5004.***

Administration's Response:

Currently there is a balance of zero in balance sheet account 5004. This account is used as a holding account pending the disposition of any funds seized by the Maryland State Police. The final destination of the funds is determined once the Office of Law concludes each case after a hearing. The Administration has determined that this account should remain in effect for future seizures by the Maryland State Police.

Auditor's Comment:

This account was resolved after our audit work was complete. We concur with the action taken.

Police Department Abandoned Money Escrow Account - 5007

This account is used to record and process abandoned monies collected by the Howard County Police Department. These funds are found abandoned in cars, houses or are confiscated from arrested individuals. These funds follow the normal flow process explained above. They are credited to the General Fund account, Fines and Forfeitures Revenue (011-003-5140). Each month the accounting technician in Finance prepares the voucher after reviewing the accounts. When instructed by the Office of Law, the money is returned to an identified claimant. The account collected \$13,000 in FY 1999, \$6,000 in FY 2000, and \$13,000 so far in FY 2001.

We noted that several forfeitures sometimes make up a cash receipt in the forfeiture programs

mentioned above. It is the practice of the property/evidence supervisor to wait until he has a full cash receipt form before he takes it to the Department of Finance for deposit. While the funds and instruments appear to be in a secure area, they are losing interest revenue due to delays of several months. We noted that existing policy calls for deposits at least every 5 days, and this is not being met. We believe that daily deposits would provide the most efficient accounting of these assets. We therefore recommend that:

2. **Deposits for all asset forfeiture and contraband funds discussed above be made no later than 24 hours after they are received in the property room of the Police Department.**

Administration's Response:

Currently staffing and the flow of documents do not allow for the deposit of asset forfeiture and contraband funds within twenty four hours of receipt. The Police Department has instituted a policy which will result in a deposit each week of currency received in the preceding seven day period.

Auditor's Comment:

We concur with this alternative and will follow up on it's implementation.

Additionally, we found no current procedure manual in the Police Department that addressed the policies and procedures necessary to walk through this program. The Department of Finance and the Office of Law had procedure manuals in place but needed some modification to make them current with actual practice. While the individuals we spoke with were adept and knowledgeable, a current manual would assist in training new employees and reduce reliance on the availability of the existing responsible employees. We therefore recommend that:

3. **Policy and Procedure manuals for the Drug Asset Forfeiture Program be assembled and kept current in the Police Department , the Department of Finance and the Office of Law.**

Administration's Response:

The Administration concurs and all Policy and Procedure manuals in the Police Department, the Department of Finance and the Office of Law will be reviewed and revised during fiscal year 2002. The Police Department will also establish a consolidated

manual merging the appropriate policies.

FEDERAL DRUG ASSET FORFEITURE PROGRAM

The primary document that regulates this program is the Guide to Equitable Sharing of Federally Forfeited Property for State and Local Law Enforcement Agencies (Guide). This guide is based on the Comprehensive Crime Control Act of 1984 and was amended in 1994. The purpose of the program is to deter crime by depriving criminals of the profits and proceeds of their illegal activities and to weaken criminal enterprises by removing the instrumentalities of crime. A formula determines the percentage of sharing between the local jurisdiction and the Federal Government. The percentage is determined by the Federal Government. The minimum dollar forfeiture cash assets is \$5,000 before the Federal Government will participate. Requests are determined through the submission by the Local Government of the DAG-71 form. This program has had primarily cash adoptions.

Revenue

This program is budgeted under the Police Department - Investigations with Federal Agencies, 051-006-2005. \$1.5 million was budgeted as authority to spend in FY 99 & FY 00 and \$2.0 million in FY 2001. Revenue received through forfeiture was \$337,582 in FY 99, \$768,274 in FY 00 and \$298,797 through February 2001. Additionally, the program allows for interest on the funds to be earned. The County earned \$58,939, \$32,664 and \$10,835 (through 3/8/01) for FY 99, FY 00, and FY 01 respectively.

Expenditures

Expenditures of equitably shared property is outlined in the Guide. Expenditures of these funds must be used to increase or supplement the existing resources. They can not be used to replace or supplant the existing resources. The motivation of this guideline is to keep the appearance of the forfeiture from looking like asset building and not crime prevention and punishment. The Guide lists some of the following allowable categories of expenditure:

- a. Activities calculated to enhanced future investigations
- b. Law enforcement training
- c. Law enforcement equipment and operations- this includes purchase of body armor, firearms, computer equipment, radios and other types of equipment that supports law enforcement activities.
- d. Detention facilities
- e. Law enforcement facilities and equipment
- f. Drug education and awareness programs
- g. Pro Rata funding
- h. Asset accounting and tracking

We noted that expenditures were \$839,662 in FY 00 and \$31,089 as of 2/07/01 in FY 01. We looked at several of the larger expenditures to determine if they were within the allowable categories of expenditure. The required annual report prepared for the Federal Government places \$101,677.92 in firearm expenditures, \$758,264.72 in communication and computer equipment and less than \$1,000 on training and travel. The account used for charging the expenditures is 051-006-2005-2500. Object 0206 is used to send funds to the US Marshal's Office while awaiting the disposition of the case and revenue account 051-006-2005-3108 is used to receive funds that are forwarded to the US Marshal's Office.

The purchase of the firearms using this account was reduced by the officers paying \$125 for their existing firearm and the accumulated total of \$24,875 being placed in the forfeiture revenue account. There were 199 officers who participated in this program. Since the guns are usually traded in for the new ones, the revenue from their sale was used to reduce the cost without the trade-in.

The \$800,000 expenditure consisted of a \$200,000 transfer for the 800 MHZ project which provides for police communication and the remainder for the police car computers which included vendors Pelican, Cerulean and Datalux providing equipment.

These purchases appear to be within the guidelines of the program.

Process

We interviewed the Police Officer in charge of Vice and Narcotics about this program. We asked for his log of cases and found it to be a hand- written document. After several discussions, we believe that the process of logging in these cases could easily be enhanced with an automated data base such as Access. Additional computer software and hardware may be necessitated, so we therefore recommend that:

4. ***The Police Department contact the County's Information System Services Office (ISSO) or the Police Department's internal Computer Operations to determine and acquire the tools that would automate the logging process and transmittal of the Drug Asset Forfeiture cases.***

Administration's Response:

The Administration concurs with this recommendation. A new software logging and tracking program has been installed in the Police Department and is currently being tested.

Lastly, for assets seized other than the Federal Drug Asset Forfeiture Program, the Office of Law receives a copy of the memo from the Police Property Section that includes the Police report number, the amount seized, defendant's last name and first initial and the arresting officer's name. This information is entered into the Office of Law's forfeiture database.

The officer in the Asset Forfeiture Unit then sends a memo to the Office of Law several weeks later that includes the defendant's full name and date of birth. The Office of Law needs as much complete information as soon as possible to track the case through the court system. It would improve accuracy and be a more efficient process, particularly since the complaint for forfeiture is time- sensitive, if the information received initially contained the additional data to better track the case through the court system. We therefore recommend that:

5. ***The Police Property and Asset Forfeiture Unit and the Office of Law meet to determine a more efficient, timely and complete process of transmitting this information to the Office of Law.***

Administration's Response:

The administration concurs with this recommendation. The Police Property/Evidence section will continue to furnish all available information to the Office of Law. These notifications are being made in a timely manner, however, they are limited to the information that is furnished to Property/Evidence by the submitting Officer. Members of Operations and Administration Commands will meet with the Office of Law to adjust current procedures to satisfy their needs.

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